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March 7, 2016

To: Senate Committee on Ways and Means

From: Amy Deckard, Assistant Director for Information Management

Re: SB 457 Quality Care Assessment

SB 457 would require the implementation of the statutory three year rolling average to determine nursing facilities' reimbursement rates, notwithstanding the provisions of the 2015 appropriations bill for FY 2017.

The bill would increase the maximum annual amount of the quality care assessment from the current $1,950 to $4,908 per licensed bed. The bill would extend the expiration date of the assessment by four years, from July 1, 2016 to July 1, 2020.

In addition, the bill would update reference to the Kansas Homes and Services for the Aging to the entity's new name, LeadingAge Kansas, in relation to the Quality Care Improvement Panel membership.

The quality care assessment is a provider assessment, which is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After collection, the additional funds are used as the state match to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services.

The fiscal note prepared by the Division of the Budget estimates passage of the bill would result in collections of $55.6 million from the provider assessment in FY 2017. These funds would then be expended in state share for the Medicaid program to draw down $70.6 million in federal Medicaid funds, for a total of $126.2 million in additional Medicaid expenditures in FY 2017. Any fiscal effect associated with SB 457 is not reflected in *The FY 2017 Governor's Budget Report*.